

# ESG In Credit Ratings November 2022

S&P Global  
Ratings

Governance Factors Were The Key Driver Of Rating Actions In October

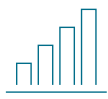
*This report does not constitute a rating action*

*(Editor's note: We identified four insurance ESG-related rating actions that were not included in previously published reports. We have corrected the financial services count in this report as appropriate.)*

## By The Numbers: October 2022 ESG-Related Credit Rating Actions

### Total ESG-driven credit rating actions, October vs. September 2022

▲ Increase ▼ Decrease



**27** ▲  
All credit  
rating actions



**8** ▲  
Positive  
rating actions



**19** ▲  
Negative  
rating actions

### October 2022 positive rating action breakdown

Key factor



**3**  
Risk management,  
culture, and oversight

Key sector



**5**  
U.S. Public  
Finance

Key region



**7**  
North  
America

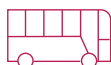
### October 2022 negative rating action breakdown

Key factor



**7**  
Risk management,  
culture, and oversight

Key sector



**12**  
U.S. Public  
Finance

Key region



**17**  
North  
America

ESG-related rating actions are those where ESG credit factors were a key driver of the decision to change a credit rating, outlook, or CreditWatch status. S&P Global Ratings considers ESG credit factors to be those ESG factors that may influence the capacity and willingness of an issuer to meet its financial commitments. Rating actions include rating, CreditWatch, and outlook changes in October 2022. Total rating actions include the assignment of stable outlooks to ratings previously on CreditWatch developing. ESG--Environmental, social, and governance.

## Key Takeaways

- The number of rating actions related to environmental, social, and governance (ESG) factors increased to 27 in October from 22 in September, with negative actions continuing to outnumber positive actions.
- Governance factors led with 18 rating actions, followed by social factors with eight and environmental factors with one.
- Risk management, culture, and oversight led rating actions associated with governance factors in October with 10, of which seven were negative. While these actions were spread across sectors, most pertained to limitations on internal controls, financial transparency, and weakened financial performance more generally.
- Meanwhile, health and safety actions persist as some industries continue to shrug off COVID-19-induced effects while others are showing signs of improvement.

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# ESG Research Highlights

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## Latin America Green, Social, Sustainability, And Sustainability-Linked Bonds 2022

**Nov. 9, 2022**

This research explores some of the characteristics that make the Latin American green, social, sustainability, and sustainability-linked bond (GSSSB) market unique and aims to shed light on regional issuance trends. This research draws on data from the Economic Commission for Latin America and the Caribbean (ECLAC), Climate Bonds Initiative, Environmental Finance Bond Database, and S&P Global Ratings' forecasts for GSSSB issuance in 2022.



## Decarbonizing Cement Part One: How EU Cement Makers Are Reducing Emissions While Building Business Resilience

**Oct. 27, 2022**

The EU is leading the way on decarbonizing the cement industry, with larger players taking steps to reduce emissions by 2030. In this research, we analyze the steps some European players are taking to decarbonize their operations and update their strategies to meet changing customer demands.



## Decarbonizing Cement Part Two: Companies Could See Pressure On Ratings As The EU Firms Up Carbon Rules

**Oct. 27, 2022**

This second part of our research into decarbonizing cement explores the regulatory environment that the European sector could be facing in light of the EU's envisaged more stringent nationwide carbon legislation, and how we can analyze this from a credit perspective.

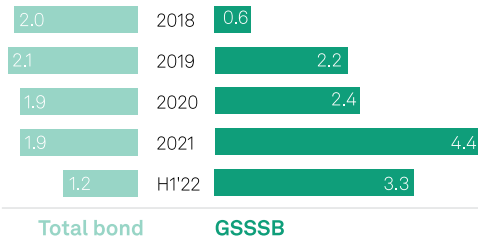
# Chart Of The Month

Due to challenging market conditions worldwide, we forecast a 40% decline in GSSSB issuance in Latin America in 2022 compared with 2021. GSSSB in Latin America, which declined 25% year over year in the first half of 2022, is showing strong resilience in the face of a 60% drop in non-GSSSB issuance in the region. Sustainability-linked bonds make up a higher proportion of GSSSB in Latin America than in any other region globally, and sovereign issuances in the region continue to attract attention from international investors. We believe financial institutions will continue promoting the development of the GSSSB market, supported by multilateral development banks. Progress in regulations and the establishment of green and sustainability taxonomies may help support the growth of GSSSB in the region.

For more information, see "[Latin America Green, Social, Sustainability, And Sustainability-Linked Bonds 2022](#)," published Nov. 7, 2022.

## LatAm GSSSB Market At A Glance

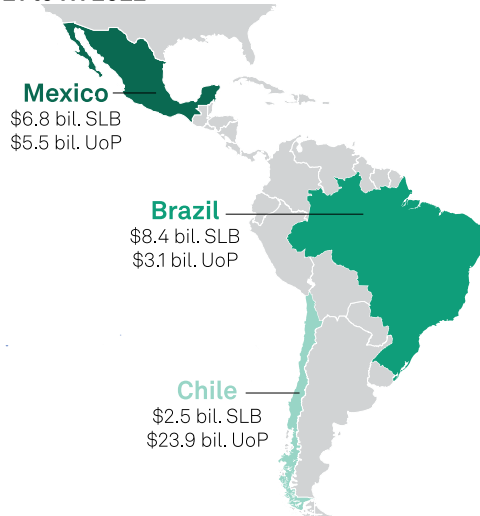
### LatAm share in the global bond market (%)



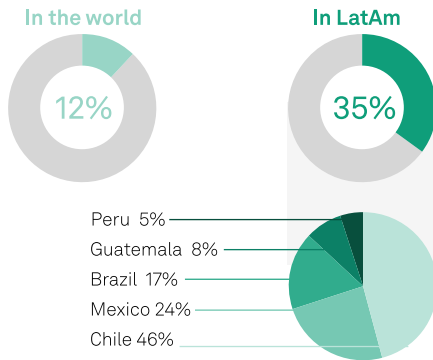
### Annual GSSSB issuance in LatAm has risen from 2018 to H1 2022



### GSSSB issuance type by country, 2021 to H1 2022

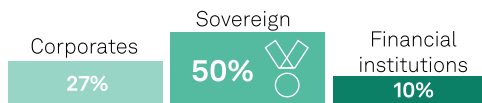


### GSSSB share of total bond issuance (as of H1 2022)



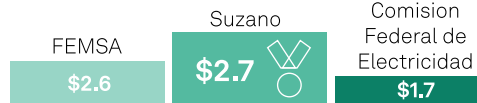
### Ranking by GSSSB issuer type

% of LatAm GSSSB issuances (2018 – H1 2022)



### Largest corporate issuers of GSSSB

(\$ bil. amount issued 2018 – H1 2022)

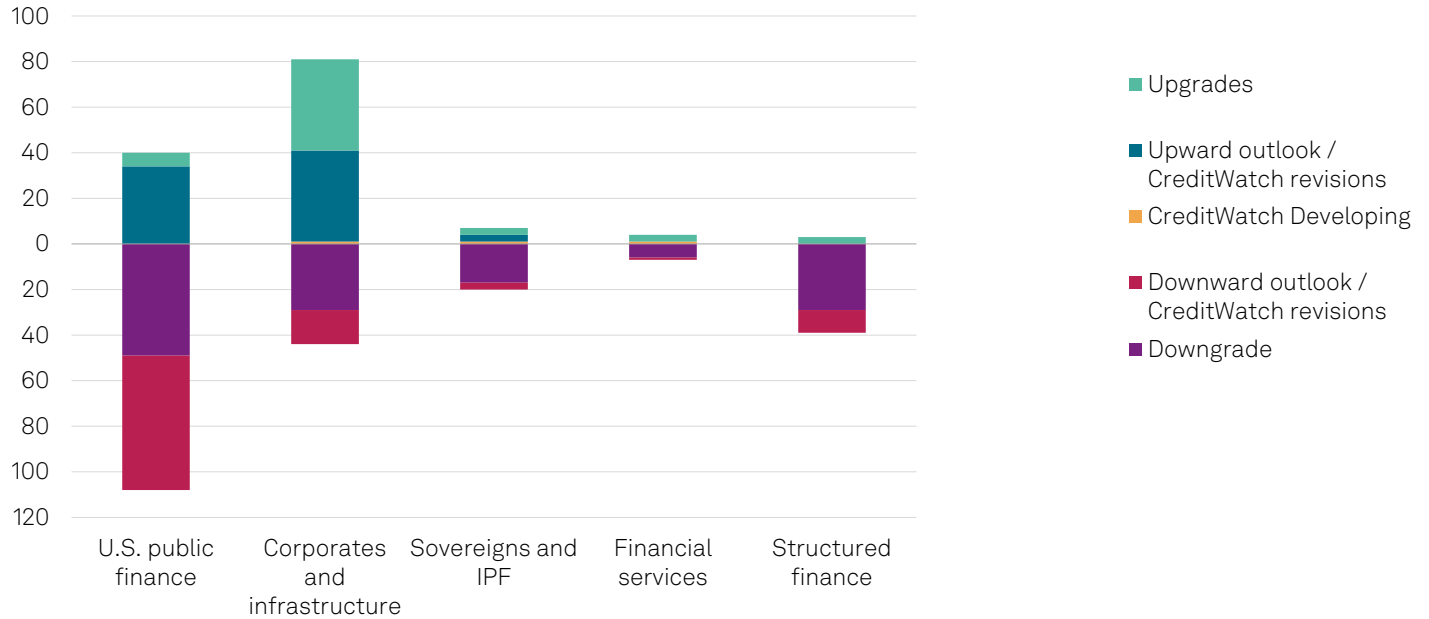


SLB--Sustainability linked bonds. UoP--Use of proceeds. Source: S&P Global Ratings.

# Overview: ESG Credit Rating Actions

## ESG-Related Credit Rating Actions By Type

Year-to-date



Data as of Oct. 31, 2022. Structured finance actions relate to ESG impacts by transaction (tranche), while for other sectors the impact is measured on the issuer credit rating. For the purposes of this chart, CreditWatch developing rating actions are counted as positive rating actions. ESG--Environmental, social, and governance. Source: S&P Global Ratings.

## ESG-Related Credit Rating Actions By Sector And Factor

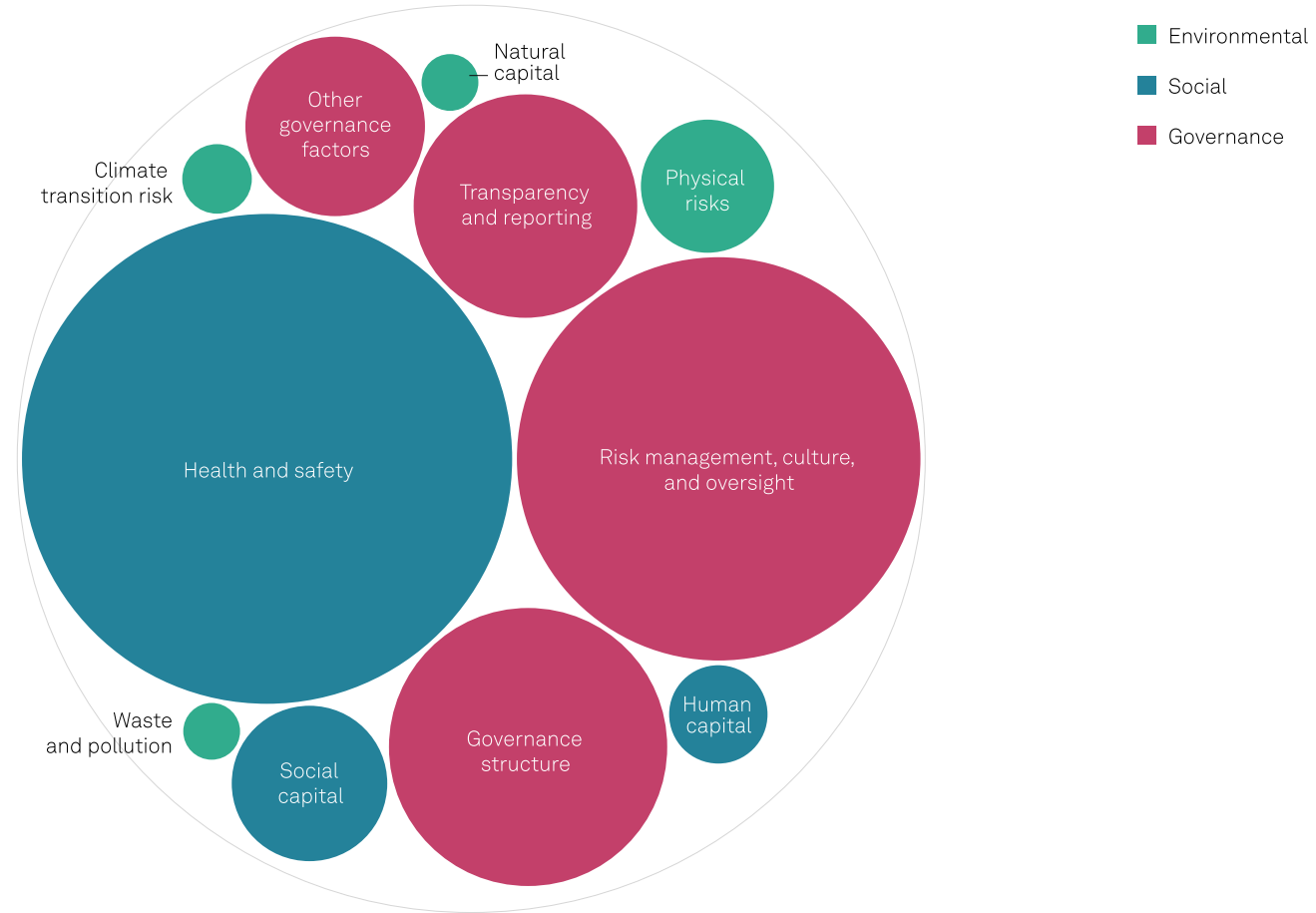
Number of actions and proportion positive/negative, year-to-date



Data as of Oct. 31, 2022. Note: Rating actions include rating, CreditWatch, and outlook changes over January-October 2022. The sum of environmental, social, and governance actions slightly exceeds total ESG-related rating actions because some actions were influenced by multiple factors. Structured finance actions relate to ESG impacts by transaction (tranche), while for other sectors the impact is measured on the issuer credit rating. CreditWatch developing excluded from the positive and negative percentages as it can represent either a positive or negative rating action. ESG--Environmental, social, and governance. IPF--International public finance. YTD--Year-to-date. Source: S&P Global Ratings.

## Leading ESG Factors Driving Credit Rating Actions

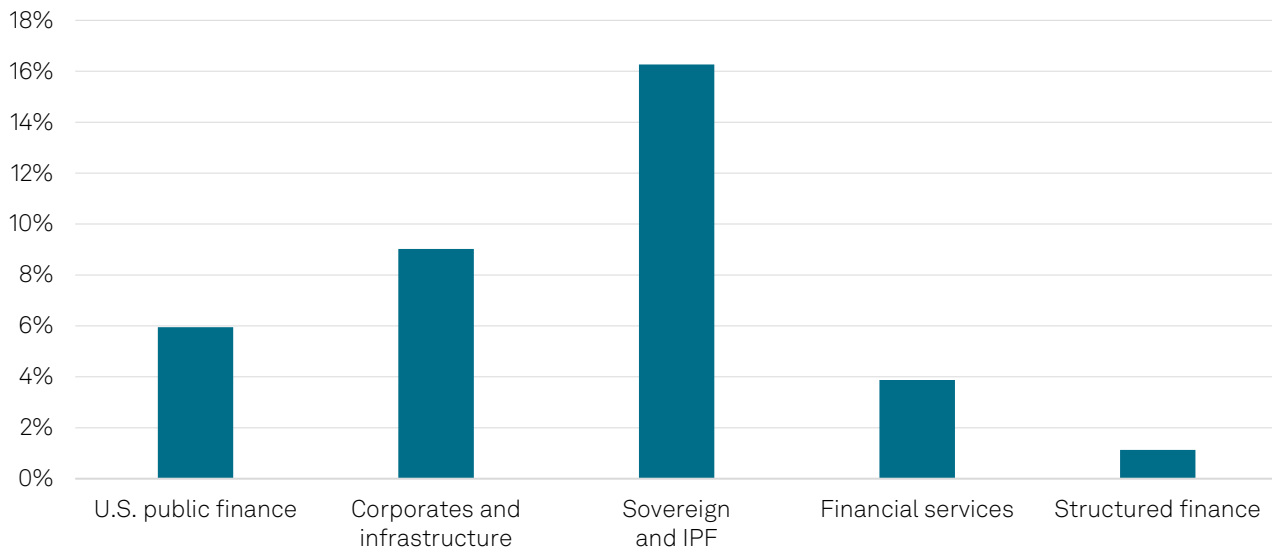
Year-to-date



Data as of Oct. 31, 2022. Bubble size is determined by the occurrence of factors between January and October 2022. In instances where multiple ESG factors were recorded as the main drivers of the credit rating action, each is counted for the purposes of this infographic. ESG--Environmental, social, and governance. Source: S&P Global Ratings.

## ESG-Affected Rating Actions As A Percent Of Total

Year-to-date

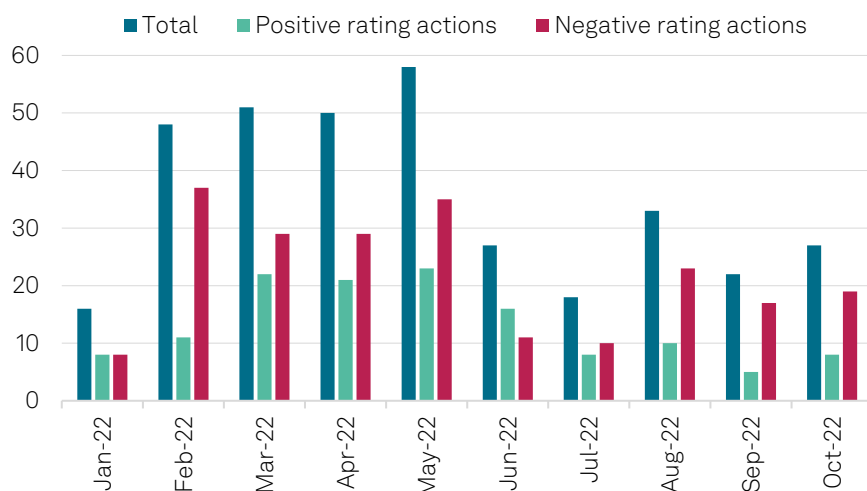


Data as of Oct. 31, 2022. Total rating actions exclude affirmations, withdrawals, and new ratings. ESG--Environmental, social, and governance. IPF--International public finance Source: S&P Global Ratings.

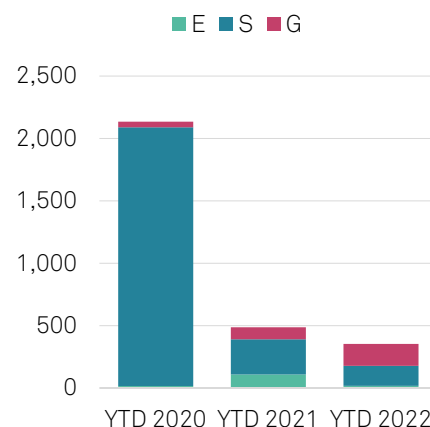
## ESG-Related Credit Rating Actions By Month And Year

Year-to-date

By month



By year



Year to date January-October. Data as of Oct. 31, 2022. Excludes CreditWatch developing as it can represent either a positive or negative rating action. Positive actions include upgrades, upward outlook revisions, and upgrades with outlook revisions. Negative actions include downgrades, downward outlook revisions, CreditWatch negative placements, downgrades with outlook revisions, and suspensions. ESG--Environmental, social, and governance. YTD--Year-to-date. Source: S&P Global Ratings.

## Appendix

### ESG-Related Credit Rating Actions

Year-to-date

	U.S. public finance	Corporates and infrastructure	Sovereigns	International public finance	Financial services	Structured finance	Total
Downgrade	48	29	6	11	6	29	127
CreditWatch negative	42	2	0	0	0	10	54
Downward outlook revision	17	13	1	2	1	0	34
Suspension	1	0	0	0	0	0	1
Upgrade	6	40	3	0	3	3	53
Upward outlook revision	34	40	2	1	0	0	77
CreditWatch developing or removed from CreditWatch developing	0	1	1	0	1	0	3
<b>Total ESG-related rating actions*</b>	<b>148</b>	<b>125</b>	<b>13</b>	<b>14</b>	<b>11</b>	<b>42</b>	<b>353</b>
Environmental§	14	5	0	1	0	0	20
Social§	53	84	1	4	0	29	171
Governance§	104	47	14	9	14	13	201

Data as of Oct. 31, 2022. \*Rating actions include rating, CreditWatch, and outlook changes over January-October 2022. Structured finance actions relate to ESG impacts by transaction (tranche), while for other sectors the impact is measured on the issuer credit rating. §The sum of environmental, social, and governance actions may exceed total ESG-related rating actions because some actions are influenced by multiple factors. ESG--Environmental, social, and governance. Source: S&P Global Ratings.

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